

Minutes of the Rio Nuevo Multipurpose Facilities District Board

November 5, 2003 at the Rio Nuevo Community Meeting Room, 52 West Congress, Tucson, Arizona.

1. Roll Call

Chair Suarez called the meeting to order at 6:05 pm. Alice Eckstrom, Corky Poster and Ruben Suarez present. Olivia Hernandez was absent.

Staff present:

Karen Thoreson, Assistant City Manager;
John Updike, Rio Nuevo Project Manager;
William Hicks, Counsel to the District Board;
Scott Douthitt, District Treasurer

Guest: Marty McCune, Historic Preservation Office;
Fernando Castro, City Manager of South Tucson;
Karen Masbruch, Environmental Services Department
William Davis, Piper Jaffray

2. Approval of September 17, 2003 Meeting Minutes

Ms. Eckstrom moved to approve the September 17, 2003 meeting minutes, Mr. Poster seconded. Motion approved unanimously, 11-0.

3. University of Arizona Science Center Feasibility Study (Approval of Application and Request for Funds)

Ms. Thoreson summarized the events leading up to today's request. Last summer the Board authorized \$250,000 to the University of Arizona to perform a Science Center Feasibility Study. Over 200 presentations were provided to the community, neighborhoods and business groups by the University and City staff. On October 8, 2003, the Citizens Advisory Committee voted (13-1) to recommend that the Board approve the University's application and request for \$20 million in funds. On September 26, 2003 the Board of Regents unanimously approved the project, including issuing debt and raising the necessary endowment funds.

Ms. Thoreson acknowledged that Alexis Faust, Bob Smith, Joel Valdez and David Duffy from the University were present to answer any questions. Mr. Bill Davis, the co-author of the Piper Jaffray financial feasibility study requested by the City was introduced. Following his review of the highlights of his analysis, the Board Members asked him questions.

Chair Suarez wanted to know why the "multiplier effect" wasn't used in their analysis which would have provided a higher sense of security. Ms. Davis responded that the

wages provided to the employees working at the Science Center would end up being spent in the community thereby creating the "multiplying effect", but their role was only to provide a financial analysis and that gauging the "multiplier effect" was not their area of expertise.

Chair Suarez mentioned that the financial analysis was based on Option B. What were the other options? Ms. Davis responded that option B provided the facility size and programming variety to fit Tucson's needs. Option A was smaller in size and had less to offer while Option C was larger in size and had more to offer.

Chair Suarez inquired about a reference in the report that a delay of the project could impact what the funds could be used for. Mr. Davis responded that if the project is delayed, the University could use their capital funds for other projects. The University could decide to use their money on what ever they chose based on their changing needs if the project was delayed.

Ms. Thoreson advised that timing is very important. ADOT is planning on widening I-10 and, if everything is timed correctly, ADOT could assist with some of the costs of constructing the bridge over the freeway.

Mr. Poster asked about the \$1 land lease with the University and whether it is in conformance with State statutes. Ms. Thoreson responded that the lease demonstrates that the City is in partnership with the University for the next fifty years and, yes, it conforms to State statutes.

Ms Thoreson advised that should the Board approve the application and request for funds today, the item would be forwarded to the Mayor and Council for their consideration on November 10, 2003. If the Mayor and Council approves it on that date, staff will begin immediately working with the University to select an architect, build the infrastructure and work on a development agreement.

Mr. Poster asked how the project would be managed? Ms. Thoreson advised that theoretically the University would lead on the design and development following the Board of Regents building standards and the City would lead on the infrastructure portion including parking and traffic circulation. However, all this would be determined by the development agreement, which is currently being worked on. It is anticipated that the development agreement would be returning to the Board in about 3-4 months.

Mr. Poster asked what kind of infrastructure was being considered? Mr. Updike said the City would be working with ADOT on the expansion of I-10 and the bridge across it. Ms. Thoreson added that the City would be building the parking necessary to support the Civic Plaza, Science Center and other surrounding needs.

Mr. Poster said that before making a motion to approve the application and request for funds, he wanted to voice his concerns about the Civic Plaza. He feels that the Science Center and other buildings going around it are overshadowing the project. More coordination needs to occur with the planning of the open space to make sure that it all fits together to make the plaza the most beautiful space around. He also feels that there is too much focus being placed in the middle section of the bridge and that the unispherium should be located on the eastside of the freeway next to the Civic Plaza.

Mr. Poster made a motion to approve the University's application and request for \$20 million in funds, Ms. Eckstrom seconded. The motion passed unanimously (11-0).

4. Reinitiate the Start of Funding for the Rio Nuevo Multipurpose Facilities District.

Ms. Thoreson announced that the City had received its first TIF payment from the State in the amount of \$264,697.02. It represents a partial payment for the month of July 2003. The City's Finance Department put in a lot of hours and worked very closely with the State and District businesses to accurately breakout the sales taxes for that month. At this point, it would be a great burden to ask the State and District businesses to go back through their records to determine back sales taxes though November 2002. A legal opinion determined that it's legal to rescind the Board's original resolution and approve a new resolution.

Ms. Eckstrom moved to rescind the District's original Resolution No. 2002-002 and to approve Resolution No. 2003-002 requesting ADOR to commence payments for the month of July 2003 and extend payments through sales tax receipts for the month of June 2013. Mr. Poster seconded. Motion passed unanimously (11-0).

5. Update on the Tucson Origins Project

Ms. McCune updated the Board on what's been happening with the Tucson Origins Project. She showed them some preliminary renderings of what the project may look like and showed them approximately where things would be located. The financial data for the project is still being worked on. It is anticipated that another public meeting would be held after the first of the year.

Ms. Eckstrom asked how much the admission fee would be. Ms. McCune advised that the Plaza would be free and open to the public, and that initial analysis indicates a likely fee of about \$7 would be charged to gain entrance into the walled areas. In addition, the District would be working with other attractions in the area to provide a

pass that would allow entrance into several venues for one price. Free days for those who couldn't afford the price to get in would also be offered.

Mr. Poster wanted to ask who would manage the project, expressed concern that the project was competing with the Historical Society, and wanted to know why the Interpretive Center was being built on the west side as opposed to the Presidio site. Mr. Poster also expressed concern that the strategy for the Convento site was that, within its walls, a single era was to be presented. But in the Presidio Park, the Hohokam era was being presented alongside the Presidio era. Ms. McCune indicated that it would probably be managed by a private non-profit entity. The Historical Society (as well as the History Museum) has been included in the planning process. As for the location, it's easier to construct the Interpretive Center on a vacant piece of property as opposed to a small site located between buildings. Temporary space is being allocated in the Origins Historical Park to showcase their temporary exhibits should they decide to move their facilities to the same area.

Ms. Eckstrom asked what kind of activities were planned and would there be tours available. Ms. Eckstrom also expressed concerns about the fee structure. Ms. McCune said Presidio Trust was interested in doing living history segments similar to what they are currently doing, and docents would be available. They are hoping to have many volunteers and also to rent the space out for other events.

6. West Congress Street Housing Development (The Mercado District of Menlo Park)

Mr. Updike announced that the City had selected Rio Development Company to develop the 12.8-acre site on West Congress Street between the Santa Cruz River and Grande Avenue. No District funding is being requested for this project, but it is a component of the Rio Nuevo Master Plan. Two hundred housing units and minor retail/commercial development is proposed for the site. The development will be known as the Mercado District of Menlo Park. The Rio Development builder team is made up of four local builders: Tom Wuelpern, Michael Keith, Jim Gray and Dante Archangeli. The architectural team is Oscar Machado, Paul Weiner and Stephanos Polyzoides of Moule & Polyzoides. The engineering firm is WLB Group. The managing partner is Gerald Dixon. Rio Development was selected over four other bidders who went through an interview process with a five-member review team consisting of City of Tucson staff, Menlo Park representatives and the Sonoran Institute. Construction is scheduled to start in November 2004 and the model homes will be completed by March 2005.

Ms. Thoreson advised that there was so much interest from the development community on this project, that the City is thinking about releasing additional land for development on Congress Street.

7. Federal Brownsfields Grants for Environmental Assessment and Cleanup of Rio Nuevo Sites

Ms. Masbruch explained that the Brownfields Revitalization Act is an EPA program providing financial assistance to eligible applicants through a competitive grant process. Last year, the City was awarded two grants to perform environmental assessment and clean-up activities at two properties located within the downtown area (Greyhound Bus facility located at 2 S. 4th Avenue and a state-owned asset located at 35 E. Toole Avenue). This year, the City is applying for two grants to cleanup Flint Oil and Citizen Auto Stage. Both are located in the Rio Nuevo District. The Brownfields Pilot Project also has undertaken to assist in the investigation of old landfills within the Rio Nuevo Project area. Those landfills must be made suitable for redevelopment in order for construction to begin. Environmental Services Engineering & Technical Support is conducting an innovative landfill stabilization project using Brownfield pilot funds as well as other City funds.

8. Next Meeting

Ms. Eckstrom made a suggestion that they cancel the meeting in December due to the holidays. Ms. Thoreson announced that Rio Nuevo staff would like to invite the Board and Citizens Advisory Committee to a holiday party at the District office on Wednesday, December 3rd. No items requiring action would be scheduled for the meeting, but would be an opportunity for everyone to get together.

9. Future Agenda Items

No future agendas items were scheduled at this time. Items will be scheduled after the first of the year.

10. Call to the Audience

Rob Vugteveen, an employee of the Flandrau Science Center, expressed his appreciation to the Board for approving the application and request for funding for the University of Arizona Science Center.

An unidentified man wanted to know what happened to the Aquarium project.

Ms. Thoreson advised that the Aquarium project was no longer being considered. In fact the money that was originally being considered for the Aquarium had just been awarded to the University of Arizona for the Science Center.

11. Adjournment

Meeting was adjourned at 7:35 p.m.